

INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF HAMMOND, INC.

ANNUAL FINANCIAL STATEMENTS

JUNE 30, 2007

HAMMOND, LOUISIANA

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/24/07

Industrial Development Board of the City of Hammond, Inc.
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June 30, 2007

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Hannis T. Bourgeois, LLP

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August 30, 2007

Independent Accountant's Report

Mr. Pat Tobler, President and
Members of the Board of Directors
Industrial Development Board of the City of Hammond, Inc.
Hammond, Louisiana

We have reviewed the accompanying Statement of Financial Position of the Industrial Development Board of the City of Hammond, Inc., a component unit of the City of Hammond, Louisiana, as of June 30, 2007, and the related Statements of Activities and Cash Flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Industrial Development Board of the City of Hammond, Inc.

A review consists principally of inquiries of the Industrial Development Board of the City of Hammond, Inc.'s personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Industrial Development Board of the City of Hammond, Inc.
Statement of Financial Position
June 30, 2007

Exhibit A

Assets

Current Assets:

Cash	\$ 18,045
Cash Held By Attorney	124,765
In-House Escrow	96,490
Accounts Receivable	<u>3,799</u>

Total Current Assets 243,099

Property and Equipment:

Furniture and Fixtures	5,343
Accumulated Depreciation	<u>(3,794)</u>

Total Property and Equipment 1,549

Investment - Land Industrial Park 79,600

Total Assets \$ 324,248

Liabilities and Net Assets

Liabilities:

Accounts Payable	\$ 278
Payroll Liabilities Payable	<u>2,604</u>

Total Liabilities 2,882

Net Assets:

Temporarily Restricted	<u>321,366</u>
------------------------	----------------

Total Net Assets 321,366

Total Liabilities and Net Assets \$ 324,248

See accountant's review report and accompanying notes.

Industrial Development Board of the City of Hammond, Inc.
Statement of Activities
For the Year Ended June 30, 2007

Exhibit B

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Revenues:			
Gain from Sale of Land	\$ -	\$ 127,010	\$ 127,010
Interest Income	-	14,417	14,417
Miscellaneous Income	-	2,330	2,330
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	<u>552,814</u>	<u>(552,814)</u>	<u>-</u>
Total Revenues	552,814	(409,057)	143,757
Expenses:			
Program Services:			
Accounting	16,054	-	16,054
Advertising	499	-	499
Commissions - Land Sales	15,915	-	15,915
Consulting	3,000	-	3,000
Contract Services - SLU Offices	6,012	-	6,012
Depreciation	973	-	973
Dues and Subscriptions	509	-	509
Grant to HAEIDD	455,588	-	455,588
Grounds & Maintenance - Industrial Park	650	-	650
Insurance	890	-	890
Office Equipment Maintenance	1,935	-	1,935
Office Supplies	505	-	505
Parish Economic Development	5,625	-	5,625
Payroll Expenses	43,795	-	43,795
Travel, Education, and Training	<u>864</u>	<u>-</u>	<u>864</u>
Total Expenses	<u>552,814</u>	<u>-</u>	<u>552,814</u>
Change in Net Assets	-	(409,057)	(409,057)
Net Assets:			
Beginning of the Year - Originally Stated	-	853,513	853,513
Prior Period Adjustment	<u>-</u>	<u>(123,090)</u>	<u>(123,090)</u>
Beginning of the Year - Restated	<u>-</u>	<u>730,423</u>	<u>730,423</u>
End of the Year	<u>\$ -</u>	<u>\$ 321,366</u>	<u>\$ 321,366</u>

See accountant's review report and accompanying notes.

Industrial Development Board of the City of Hammond, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2007

Exhibit C

Cash Flows from Operating Activities:

Change in Net Assets \$ (409,057)

Adjustments to Reconcile Change in Net Assets To

Net Cash Provided by / (Used In) Operating Activities:

Depreciation 973

Gain on Sale of Land (127,010)

(Increase) / Decrease in Accounts Receivable (3,799)

Increase / (Decrease) in Accounts Payable (14,564)

Increase / (Decrease) in Payroll Liabilities Payable 358

Increase / (Decrease) in Deposit Liability (10,000)

Net Cash (Used In) Operating Activities (563,099)

Cash Flows from Capital and Related Financing Activities:

Purchase of Equipment (303)

Sale of Real Estate 293,010

Net Cash Provided by Capital and Related Financing Activities 292,707

Net Decrease in Cash and Cash Equivalents (270,392)

Cash and Cash Equivalents - Beginning of the Year 509,692

Cash and Cash Equivalents - End of the Year \$ 239,300

See accountant's review report and accompanying notes.

Industrial Development Board of the City of Hammond, Inc.

Notes to Financial Statements

As of and for the Year Ended June 30, 2007

1. Summary of Significant Accounting Policies

A. Business Activity

The Industrial Development Board of the City of Hammond, Inc. ("HIDB") is a non-profit public corporation created by the City of Hammond, Louisiana for the purpose of acquiring, owning, leasing, and disposing of property in order to promote industry and develop trade by inducing manufacturing, industrial, and commercial enterprises to locate enterprises in the greater Hammond area. The Board is governed by a Board of Directors who are appointed by the City Council of the City of Hammond.

B. Financial Reporting Entity

Government Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy of its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell, and lease property in its own name.
2. Whether the City governing the Industrial Development Board of the City of Hammond, Inc. appoints a majority of board members of the potential component unit.
3. Fiscal interdependence between the City and the potential component unit.
4. Imposition of will by the City on the potential component unit.
5. Financial benefit / burden relationship between the City and the potential component unit.

Based on the previous criteria, the Industrial Development Board of the City of Hammond, Inc. is considered to be a component unit of the City of Hammond, Louisiana.

C. Basis Of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SF AS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SF AS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Basis Of Accounting

The financial statements of the HIDB have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

See accountant's review report.

Industrial Development Board of the City of Hammond, Inc.
Notes to Financial Statements (Continued)
As of and for the Year Ended June 30, 2007

E. Income Recognition

HIDB's main source of revenue is generated from Land Sales in the Industrial Park. This land was donated approximately 30 years ago from the City of Hammond. The estimated value at the time of donation was \$10,000 per acre.

F. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and / or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

G. Accounts Receivable

Accounts receivable is recorded at the amounts HIDB expects to collect on balances outstanding at year-end.

H. Property And Equipment

Property and equipment are recorded at cost. Depreciation of property and equipment is provided using the straight-line method for financial purposes at rates based on the following estimated lives:

Furniture & Fixtures 3 – 10 Years

I. Income Taxes

HIDB is a nonprofit organization as described in Section 501(c)(6) of the Internal Revenue Code and is exempt from federal and state income taxes.

J. Cash Flow Information

HIDB considers all short-term investments with an original maturity of three months or less to be cash equivalents.

K. Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

See accountant's review report.

Industrial Development Board of the City of Hammond, Inc.

Notes to Financial Statements (Continued)

As of and for the Year Ended June 30, 2007

2. Property and Equipment

Property and equipment consists of the following at June 30, 2007:

Furniture & Fixtures	\$	5,343
Less: Accumulated Depreciation		<u>(3,794)</u>
Net Property and Equipment	\$	<u>1,549</u>

3. Related Party Transactions

On February 1, 2003, HIDB entered into a Cooperative Endeavor Agreement with the Hammond Area Economic and Industrial Development District (HAEIDD). HAEIDD is a political subdivision of the State of Louisiana created for the purpose of promoting and encouraging the development of economic and industrial opportunities, stimulating the economy through renewed commerce and industry, and utilizing and developing natural and human resources to provide job opportunities. HIDB and HAEIDD agreed to collaborate efforts to further the economic interest of the Hammond community. In this agreement, HIDB agreed to reimburse HAEIDD for expenses HAEIDD incurs on behalf of HIDB. Likewise, HAEIDD agreed to reimburse HIDB for expenses HIDB incurs on behalf of HAEIDD.

During the year ended June 30, 2006, a resolution by both HIDB and HAEIDD was passed that had the effect of treating all expenses paid by HIDB on behalf of HAEIDD as current year grants rather than payables. During the current fiscal year, HIDB transferred \$250,000 to HAEIDD in addition to paying \$205,588 of expenses on behalf of HAEIDD. These transactions were considered to be approved under the resolution passed during the June 30, 2006 fiscal year.

4. Job Creation Incentive

HIDB owns property (Industrial Park) that is marketed and sold for the benefit of the organization. When a piece of property is sold, an agreement is made with the purchasers concerning the creation of new employment positions. The agreement states that if the purchaser creates five new employment positions for each acre purchased within two years of the purchase date, they will be refunded \$1,000 for each new position created with a maximum of a \$5,000 per acre refund of the purchase price. At year-end, HIDB has a potential liability to existing purchasers of \$211,305. If at the end of the two-year period, the purchaser has not created the employment positions, the refund is forfeited and the escrowed cash will be transferred to HIDB's regular operating checking account. At June 30, 2007, \$191,305 of the contingent liability is deposited in cash escrow accounts. The remaining amount of \$20,000 will be paid from the regular operating checking account if the job creation incentive is met.

5. Donation of Property

HIDB records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials or equipment, when received, are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt.

See accountant's review report.

Industrial Development Board of the City of Hammond, Inc.
Notes to Financial Statements (Continued)
As of and for the Year Ended June 30, 2007

Approximately 30 years ago, HIDB received a donation of land from the City of Hammond. This donation included 73.115 acres of land at a value of \$ 10,000 per acre. As of June 30, 2007, 7.960 acres were available for sale. The remaining land is recorded on the financial statements as an investment in land.

6. Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes:

Promoting Economic Development	\$ <u>321,366</u>
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7. Net Assets Released from Restrictions

Net assets released from donor restrictions for incurring expenses satisfying the restricted purposes are as follows:

Promoting Economic Development	\$ <u>552,814</u>
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8. Concentration of Credit Risk

HIDB maintains cash accounts with commercial banks which are insured by the FDIC up to \$100,000. Periodically, cash may exceed this FDIC amount.

9. Prior Period Adjustment

During the current year, the Board determined that the original transfer of property from the City of Hammond to HIDB was actually 73.115 acres rather than the 85.424 acres as originally reported.

HIDB made a prior period adjustment for \$123,090 to adjust the recorded value of the land investment that had been incorrectly valued during the prior years. The original number of acres donated from the City of Hammond was overstated by 12.309 acres, which was valued at \$10,000 per acre.

See accountant's review report.

**Independent Accountant's Report on
Applying Agreed-Upon Procedures**



Hannis T. Bourgeois, LLP

Certified Public Accountants

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August 30, 2007

Independent Accountant's Report on Applying Agreed-Upon Procedures

Mr. Pat Tobler, President and
Members of the Board of Directors
Industrial Development Board of the City of Hammond, Inc.
Hammond, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Industrial Development Board of the City of Hammond, Inc., the Legislative Auditor, State of Louisiana, and applicable state grantor agency / agencies solely to assist the users in evaluating management's assertions about the Industrial Development Board of the City of Hammond, Inc.'s compliance with certain laws and regulations during the year ended June 30, 2007 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

There were no federal, state, or local awards received during the year ended June 30, 2007.

2. For each federal, state, and local award:
 - Randomly select six disbursements from each award administered during the period under examination, provided that no more than 30 disbursements in total will be selected.
 - Trace the six disbursements to supporting documentation as to proper amount and payee.
 - Determine if the six disbursements were properly coded to the correct fund and general ledger account.
 - Determine whether the six disbursements received approval from proper authorities.

Mr. Pat Tobler, President and
Members of the Board of Directors
Industrial Development Board of the City of Hammond, Inc.

- For federal awards, determine whether the disbursements comply with the applicable specific program compliance requirements summarized in the Compliance Supplement (or contained in the grant agreements, if the program is not included in the Compliance Supplement) and for state and local awards, determine whether the disbursements comply with the grant agreement, relating to:
 - Activities allowed or unallowed
 - Eligibility
 - Reporting

There were no federal, state, or local awards received during the year ended June 30, 2007.

3. For the programs selected for testing in item (2) that have been closed out during the period under review, compare the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

There were no federal, state, or local awards received during the year ended June 30, 2007.

Meetings

4. Examine evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

We examined appropriate evidence noting that the Board was in compliance with the above referenced open meetings laws.

Comprehensive Budget

5. For all grants exceeding five thousand dollars, determine that each applicable federal, state, or local grantor agency / agencies were provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

There were no federal, state, or local awards received during the year ended June 30, 2007.

Prior Comments and Recommendations

6. Our engagement will include a review of any prior-year suggestions, recommendations, and / or comments and will indicate the extent to which such matters have been resolved.

There were no prior year suggestions, recommendations, and / or comments to follow up on.

Mr. Pat Tobler, President and
Members of the Board of Directors
Industrial Development Board of the City of Hammond, Inc.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use management of the Industrial Development Board of the City of Hammond, Inc., the Louisiana Legislative Auditor (State of Louisiana) and any applicable state grantor agency / agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Harold J. Bougeois, CPA

Louisiana Attestation Questionnaire

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi Public Entities)

(Date Transmitted)

Hannis T. Bourgeois, LLP
1175 Del Este Avenue, Suite B
Denham Springs, LA 70726

In connection with your review of our financial statements as of June 30, 2007 and for July 1, 2006 through June 30, 2007, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of August 9, 2007 (date of completion / representation).

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes [] No [] N/A [X]

All transactions relating to Federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate Federal, state and grantor officials.

Yes [] No [] N/A [X]

The reports filed with Federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [] No [] N/A [X]

We have complied with all applicable specific requirements of all Federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [] No [] N/A [X]

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes [X] No [] N/A []

Budget

For each Federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Yes ☐ No ☐ N/A ☒

Prior Year Comments

We have resolved all prior year recommendations and / or comments.

Yes ☐ No ☐ N/A ☒

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the Federal, state, and local grants, to include the applicable laws and regulations.

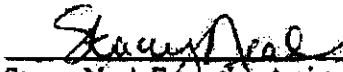
We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency / agencies any known noncompliance which may occur up to the date of your report.



Pat Tobler, President

8-17-07

Date



Stacey Neal, Executive Assistant

8-17-07

Date